Rural Low-Wage Employment Rises Among Men

In 1999, nearly one-fourth of the rural wage and salary workforce over 25 earned low wages. A large share of these workers are the sole or main wage earner in the household. Rural low-wage workers are more likely to be employed in service and retail trade industries. But within a given industry, low-wage workers tend to be employed in less-skilled occupations requiring less education. Although low-wage rural workers continue to be overwhelmingly women and minorities, the share of White men in low-wage jobs has grown since 1979.

According to 1999 data from the Current Population Survey, nearly 5 million rural wage and salary workers ages 25 and older (27.2 percent) received wages that, if earned full-time, full-year, would not lift a family of four above the official poverty level. Brisk growth in the U.S. economy since mid-decade has pushed up real wages and improved living standards for most workers. In 1999, average weekly earnings for rural wage and salary workers stood at $485, a 10.7-percent increase since 1990 after adjusting for inflation. Nonetheless, the share of rural workers receiving low pay at present remained higher than the 24.6 percent rural rate in 1979 or the current urban rate of 19.3 percent. Rural low-wage workers earned a median hourly wage of $6.50, slightly less than the $6.65 earned by their urban counterparts and much less than the $11.25 rate earned by rural wage and salary workers overall. (See box "How Low-Wage Workers Are Defined.")

The pervasiveness of rural low-wage employment in the face of significant technological change and increased policy emphasis on workforce development signals a fundamental challenge to the Nation's ability to improve the well-being of working citizens. Global economic competition and innovation continue to dampen wage pressures at the low-wage end of the rural labor market, even as these forces present new opportunities for many workers. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, designed to reform the Nation's welfare system, will have its largest wage and employment impact on the low-wage workforce, as recipients and ex-recipients of public assistance join the ranks of low-wage earners. Understanding both the current characteristics and recent trends among low-wage workers helps us to assess the prospects for change and to tailor policies that truly meet the needs of this segment of the rural labor force.

Most rural adult low-wage workers hold jobs that require limited education or training and that offer limited paths for advancement. In places where low-wage employment is concentrated, workers' prospects are constrained even more by low wage scales and by long distances to good jobs in larger labor markets (see "Low Wage Counties Face Locational Disadvantages," p. 18). In addition to schooling and geography, stagnant or declining wages in rural labor markets since the 1970's has spread low-wage work to jobs other than the low-skilled. Today, the likelihood of holding a low-wage job varies widely by the kind of job held and by the personal characteristics of workers. Even so, low-wage employment can be found among all demographic groups, and in all major industry and occupation groups. Men were historically less likely to work in low-wage jobs than women, but are becoming a larger share of the low-wage labor force.

How Low-Wage Workers Are Defined

In this analysis, low-wage workers are defined as persons ages 25 and older employed in the wage and salary workforce whose earnings, adjusted to a full-time, full-year equivalent, would fall below the weighted poverty threshold for a family of four ($17,028 in 1999). Workers younger than 25 are excluded to omit recent labor force entrants who are more likely to have unstable work histories or weak labor force attachment.

Social scientists have used numerous definitions of low-wage work. A common alternative to the one provided here is to compare full-time full-year equivalent earnings with a three-person family poverty threshold, in keeping with actual average family size in the United States. Others argue that the official poverty standards are inappropriately low for families with working adults, and, thus, that the low-wage threshold should be significantly higher than the four-person family threshold. We use the four-person measure both because it has substantial precedence in the labor literature and because it appears to represent a middle ground between more and less restrictive definitions.

Low-Wage Workers Are Not Necessarily Poor

We base the measure of low wages in this article on the weighted average poverty threshold for a family of four ($17,028). Most rural low-wage workers, however, do not live in poor families, often because the family has other wage earners or because these families receive cash income from other sources. In addition, family size or composition may indicate a poverty threshold different from the adjusted family-of-four threshold used here.

Similarly, not all adult low-wage workers experience severe economic hardship. In particular, the presence of other, often well-paid workers in the household mitigates the impact of a worker's low pay on his or her well-being. In 1999, a significant share of rural low-wage workers, 43 percent, were either the sole wage earner in their households, or the household member with the highest weekly earnings, the *primary* earner (table 1). Rural low-wage men were more likely to be sole or primary earners in a household than were women, while rural workers with a high school education or less were more likely to be sole or primary earners than were workers with at least some college.

Other low-wage workers are *secondary* earners in the sense that they bring home less pay than the primary earner. Secondary low-wage workers are the least likely to experience severe hardship because by definition they live in two-or-more-earner households. Some of these workers may supplement comfortable household incomes with low-paying jobs that have other desirable attributes, such as flexible work hours.

In many households with secondary low-wage workers, however, both primary and secondary workers hold low-wage jobs. For these households, the lack of nonwage benefits and greater instability that are commonly associated with low-wage employment may affect their long-term financial security in a way not fully captured by total income.

In addition to the worker's earnings role within a household, the Current Population Survey allows us to identify the relationship of each adult member to the "respondent" who answered the survey. Most rural low-wage workers—over 80 percent—were either the respondent or the spouse. The definition of low-wage worker used in this article excludes young adults under 25, so that few workers in this analysis could be classified as "children" within the household. This distinction is important because children are typically secondary wage earners, and are not a mainstay of a household's financial support.

Table 1

Rural low-wage workers by earnings role in the household, 1999

Slightly less than half of all rural adult low-wage workers are the sole or primary wage earner in the household

Item	Sole earner	Primary earner	Secondary earner		
			Low-wage household	Other household	Total
		Percent			
All	32	11	7	50	100
Men	33	19	8	40	100
Women	31	7	7	55	100
Black	39	13	10	38	100
Hispanic[1]	29	14	11	46	100
White	30	11	6	53	100

[1]Hispanics may be of any race. All other categories exclude Hispanics.

Source: Calculated by ERS from the 1999 Current Population Survey microdata earnings file.

Rural Low-Wage Shares Remain Above 1979 Rate

The rural low-wage rate of 27.2 percent in 1999 far exceeded the urban rate of 19.3 percent. The rural-urban gap in low-wage employment has remained remarkably stable, with rural and urban changes in the share of low pay tracking each other closely in most years. The higher rural rate may be due in part to cost-of-living differences that are reflected in lower rural take-home pay, although no definitive studies document lower rural living costs. Basic differences in the industrial and occupational structure of the rural and urban economies likely play a more decisive role.

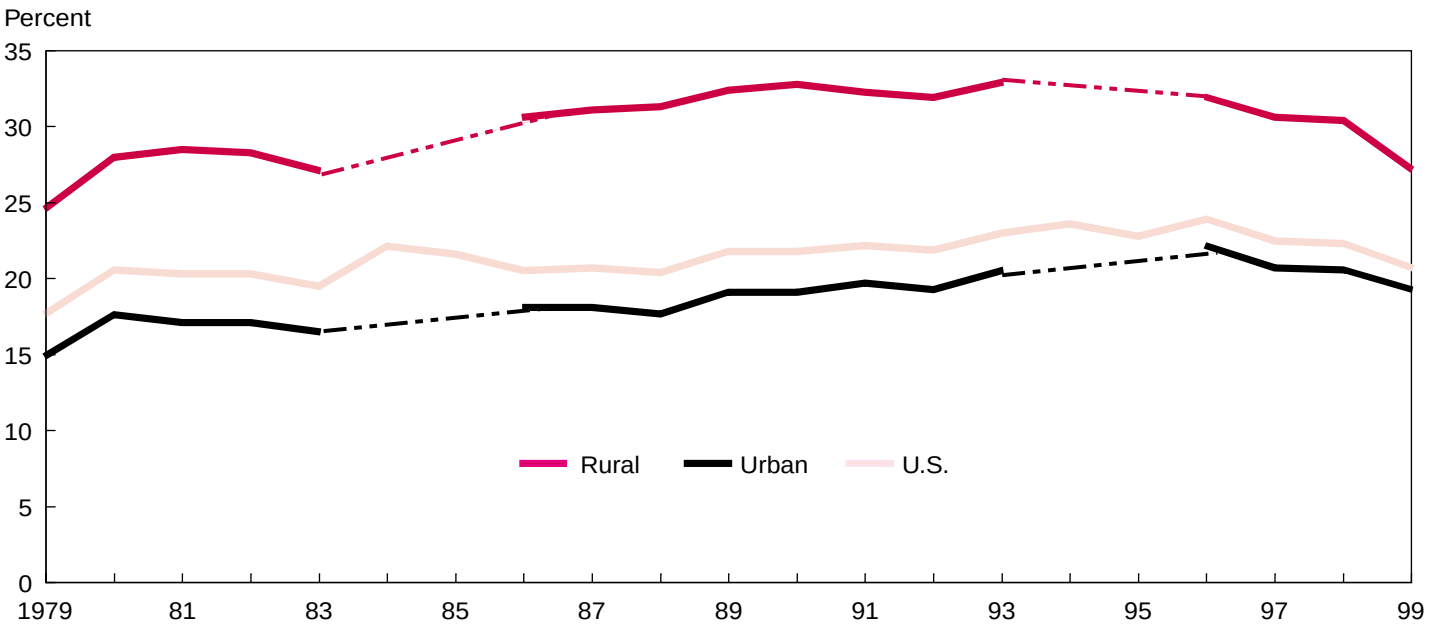
In rural and urban labor markets, changes in the share of workers earning low wages have been significant. Since the 1970's, the share of rural workers 25 and older earning low wages rose substantially, up from 24.6 percent in 1979 (fig. 1). The rise reflects national economic trends, especially the relatively slow productivity gains over much of the period, shifts in labor demand toward more highly skilled and educated workers, and the declining influence of labor unions. The urban low-wage share, meanwhile, rose from a 1979 low of 14.9 percent.

Despite the difficulty of measuring rural wage trends due to periodic changes in the official definition of metro since 1979, it is evident that the rise in low-wage employment has not been constant. In many ways, the 1980's and 1990's trends are mirror images. Average earnings rose only slightly in the 1980's, while the income distribution widened. As the demand for workers with few skills or limited education fell, their wages dropped,

Figure 1

Share of experienced wage and salary workers earning low wages, 1979-99

The percentage of rural wage and salary low-wage workers has fallen since 1996



Note: The dotted lines indicate data are not available.
Source: Calculated by ERS using data from the Current Population Survey earnings files, 1979-99.

while those with college degrees rose. Rural areas were hit harder than urban areas, because the rural industry and occupational mix required a lower share of highly educated and highly skilled workers.

In the 1990's, the share of rural workers earning low wages fell as real wages began to increase once more. The size of the urban low-wage workforce declined at the same time, at a slightly smaller rate. Changes in both workers' skills and job quality were partly responsible for the recent rural low-wage trends, as workers became better educated and as high-tech jobs requiring a more skilled workforce filtered into rural areas. The decline in the low-wage share of workers between 1989 and 1999 was shared by all demographic groups.

Most Low-Wage Workers Are Women and Minorities

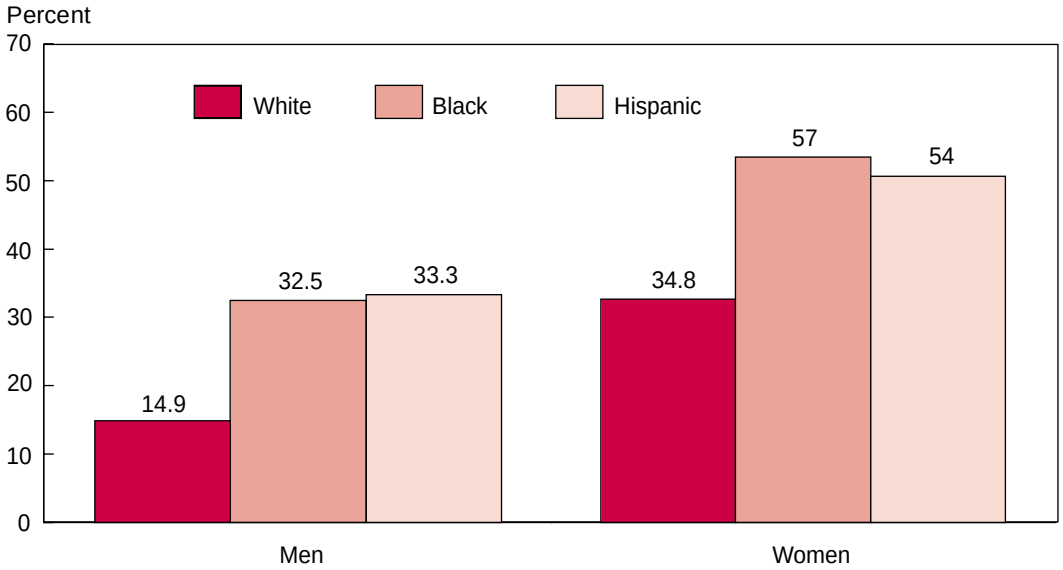
Perhaps the most salient feature of the rural low-wage workforce is the preponderance of women and racial and ethnic minorities, despite the slow decline of long standing discrimination in education and labor markets. Women made up 67.3 percent of rural low-wage employment in 1999, although their overall employment share was just 48.7 percent. Relative to men, rural women are more likely to engage in part-time work, more likely to transition in and out of the labor force to meet household obligations, and more likely to work in jobs with limited bargaining power with employers.

Women's participation in low-wage work, however, depends critically on race and ethnicity. Black women were the most likely group to be employed in low-wage work (57 percent), followed by Hispanic and white women, Hispanic and black men, and finally white men, just 14.9 percent of whom receive low wages (fig. 2). White men made up 44 percent of the overall rural workforce, but only 24 percent of the low-wage workforce in rural areas.

The large low-wage share among rural blacks in general (46 percent), and black women in particular, reflects the historical role of the South as a predominantly low-wage region

Figure 2
Share of rural wage and salary workers in low-wage employment by gender and race/ethnicity, 1999

Woman and minorities are much more likely to be engaged in low-wage employment



Source: Calculated by ERS using data from the 1999 Current Population Survey earnings files.

and as the home of a majority of rural black workers. In effect, they have long faced a low-wage "double jeopardy," both through the effects of discrimination and by participation in a labor market characterized by relatively strong demand for workers with limited skills.

A similar phenomenon may be observed in the West, where the fast-growing rural Hispanic population is changing the face of low-wage work in that region. Due to a combination of their increased numbers in the labor force and an upward trend in low-wage employment rates, Hispanics now comprise a majority of the low-wage workforce in the rural West, just as blacks once did in the South.

Racial and regional profiles are often intertwined. The South maintained its lead as the region with the highest share of rural low-wage employment (fig. 3). Yet regional differences have narrowed dramatically since 1979. Low-wage employment has grown more slowly in the rural South than elsewhere. Meanwhile the rural West, where low-wage employment was once relatively uncommon, now has a more prominent low-wage workforce (25.1 percent) than either the Northeast or the Midwest.

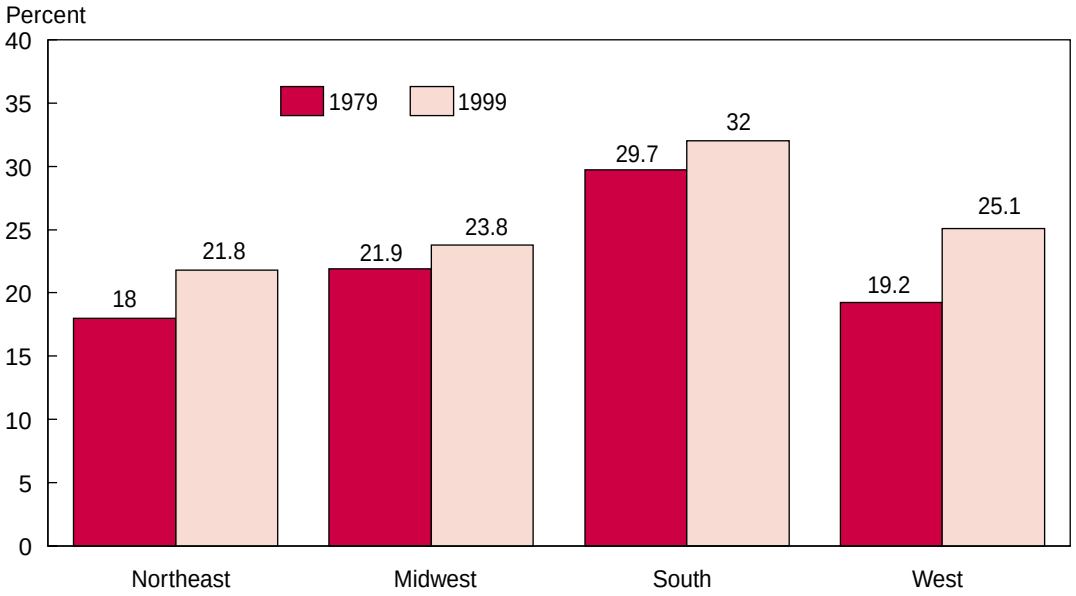
Service Sector, Blue-Collar Occupations Dominate Rural Low-Wage Employment

The kinds of services performed or goods produced are key determinants of workers' earnings. Industry is the best measure of this dimension of a worker's employment. Low-wage workers are present in every major industry group, but tend to be concentrated in a few major groups (table 2). More than half of all low-wage workers were employed in the retail trade (25 percent) and service industries (37 percent) in 1999, which comprised well under half the total employment for other rural workers. Many jobs in these industries involve entry-level work requiring few pre-existing skills, thereby offering valuable experience even for older labor force entrants. But these jobs often provide limited opportunities for career advancement and long-term wage increases.

Figure 3

Share of rural wage and salary workers in low-wage employment by region, 1979 and 1999

Although rural Southerners are the most likely to work in low-wage jobs, low-wage employment grew fastest in the rural West



Source: Calculated by ERS using data from the 1979 and 1999 Current Population Survey earnings files.

Table 2

Low-wage employment by major industry, 1999

Low-wage workers are concentrated in the agriculture, retail trade, and service industries

Industry	Rural		Urban	
	All	Low-wage	All	Low-wage
	Percent			
Agriculture	2.5	4.4	1.1	2.8
Construction	6.3	3.8	5.6	4.0
Mining	1.4	.5	.3	.1
Manufacturing	23.2	16.6	16.4	12.1
Transportation	7.1	3.4	8.4	4.8
Wholesale trade	3.2	2.8	4.2	3.5
Retail trade	13.7	24.9	13.1	25.8
Finance, real estate, insurance	4.1	3.9	7.5	4.2
Services	32.7	36.8	37.8	40.6
Government	5.8	3.0	5.7	2.1
Total	100.0	100.0	100.0	100.0

Source: Calculated by ERS from the 1999 Current Population Survey earnings file.

The industry mix of low-wage employment in rural and urban areas shows a striking resemblance. About 66 percent of urban low-wage workers were engaged in retail trade or service industry employment, only slightly more than for their rural counterparts (62 percent). Low-wage work in both urban and rural areas was relatively infrequent in industries that tend to provide more skills training or job security, including the government and manufacturing industries. The long, steady decline in manufacturing employment, coupled with a growing service sector, has contributed significantly to the rise in low-wage work nationwide.

But while pay levels appear to be rooted largely in the similarity or divergence of their industry employment patterns, rural low-wage workers also perform very different kinds of jobs in industries, compared with other rural workers and with urban low-wage workers. Overall, rural low-wage employment is concentrated in a few major occupational groups, much as with key industries (table 3). Most low-wage workers are employed in less skilled white- and blue-collar occupations, especially service occupations. A much lower percentage are managers or professionals, holding jobs that often require moderate to high levels of education. Workers in these “atypical” low-paying jobs, usually women, are more likely to be employed part-time.

Within industries, occupational divisions sharply demarcate low-wage work from other employment. In manufacturing, an industry employing relatively few low-wage workers, two-thirds of these workers were engaged in blue-collar occupations, versus half of all rural manufacturing workers (table 3). The contrast in services was even starker, with nearly 60 percent of low-wage workers in blue-collar and service occupations, twice the overall rate. Occupational concentration, therefore, seems to be key in understanding the industrial make up of low-wage work. In turn, occupational employment is, to a large degree, a product of a worker’s level of education and training.

Low-Wage Work Tied to Education

Because the likelihood of entering particular occupations and industries strongly depends on a worker’s skills and knowledge, social scientists usually point to low levels of these attributes as a reason for low pay. The amount of schooling a worker has completed, for example, typically indicates potential productiveness, and therefore, the amount an employer will pay to hire and retain a worker.

Not surprisingly, rural low-wage workers average fewer years of schooling than do other workers, and the likelihood of earning low wages falls sharply as educational attainment increases (fig. 4). In 1999, about half of rural workers without a high school degree earned low wages, compared with only 10 percent of college graduates, and 23 percent of those with at least 1 year of college. In most cases, urban workers were less likely to hold low-wage jobs than were rural workers at each level of educational attainment. Urban high school dropouts were an exception, however, and were about equally likely to

Table 3

Rural low-wage employment by major occupation, 1999

A majority of low-wage workers are employed in service and less skilled white collar occupations

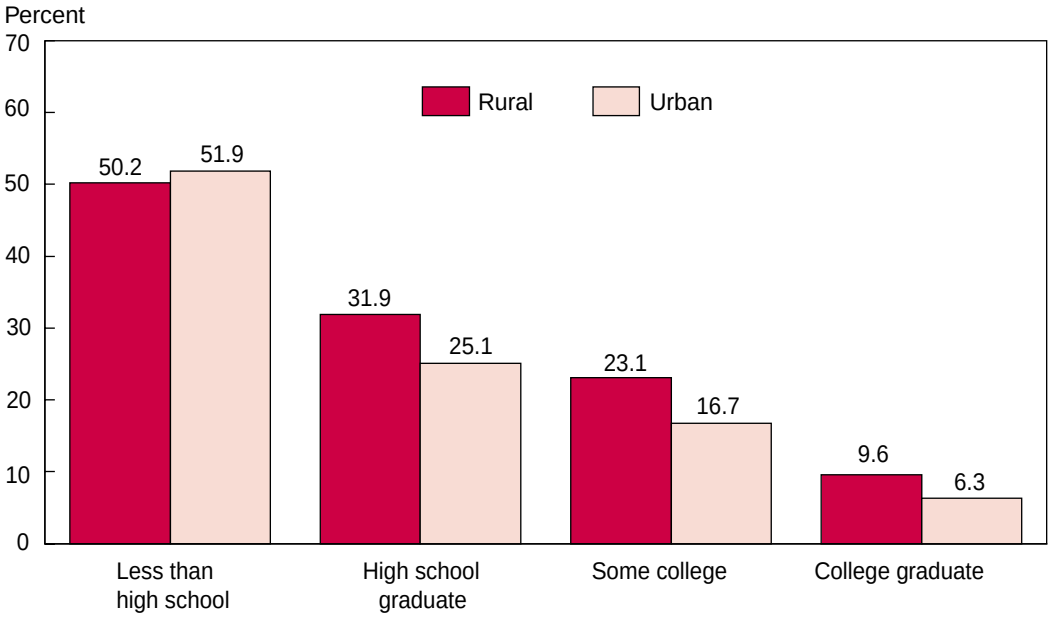
Occupation	All		Manufacturing		Service industry	
	Low-wage	Other	Low-wage	Other	Low-wage	Other
	Percent					
Managers, professionals, technical	11.3	28.8	3.5	15.3	19.4	56.7
Sales, clerical, administrative	28.7	21.5	10.9	9.2	21.9	16.8
Service	27.6	11.6	3.5	1.3	49.2	17.4
Farm	4.6	2.2	.9	.8	1.1	.9
Craft and repair	6.0	14.9	13.1	23.9	2.1	4.7
Other blue-collar	21.8	21.1	68.1	49.5	6.3	3.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Calculated by ERS from the 1999 Current Population Survey earnings file.

Figure 4

Share of rural and urban wage and salary workers in low-wage jobs by education, 1999

Urban workers at most education levels are less likely to hold a low-wage job than are rural workers



Source: Calculated by ERS using data from the 1979 and 1999 Current Population Survey earnings files.

be low-wage employees. Previous issues of *Rural Conditions and Trends* have reported near-convergence in the wages of rural and urban workers without a high school diploma, a finding consistent with similar rates of low-wage employment.

Men's Share of Low-Wage Work Has Risen

Although the 20-year rise in low-wage employment affected workers in all demographic categories, the face of the low-wage workforce has changed significantly since the late 1970's. Despite the influx of women into the labor force, men made up a larger proportion of the low-wage rural workforce in 1999 than in 1979, increasing their share from 29 percent to 33 percent, while their share of the total labor force slipped from 58 percent to 51 percent (table 4). Through an increase in educational attainment and occupational mobility, women were able to stay ahead of wage stagnation, and the share of women workers earning low wages remained constant. In fact, the rise in low-wage employment in both rural and urban areas since the late 1970's is entirely attributable to stagnant or falling wages among men.

A similar shift has occurred in the minority composition of rural low-wage employment. Since 1979, Black workers have held a constant share of the low-wage workforce, while the share of Hispanics has risen. The increase in Hispanic representation among rural low-wage workers is not surprising, given the large increase in the rural Hispanic population during the period. The shift from Blacks to other workers, however, runs contrary to the generally increasing proportion of Blacks in the rural workforce. As is true for women, the share of Blacks engaged in low-wage work has remained fairly stable (47 percent in 1979 to 46 percent in 1999). Meanwhile, White men and Hispanics overall were more likely to work for low pay in 1999 than was true in 1979. The increase in the Hispanic low-wage rate, coupled with population growth, largely explains the rise of the West as a new center of low-wage employment.

For both women and Blacks, the stability in low-wage employment trends is welcome news, representing gains in education and skills, in labor force attachment, and in career mobility. Yet, it is also a manifestation of the spread of low-wage work beyond its traditional bounds to affect jobs historically held largely by Whites and men. In spite of the contin-

Table 4

Distribution of rural low-wage workers by gender and race/ethnicity

The rural low-wage workforce had a greater proportion of Hispanics and men in 1999 than in 1979

Item	Low-wage		All workers	
	1979	1999	1979	1999
	Percent			
Men:				
Black	5.4	4.5	4.2	3.7
Hispanic[1]	1.8	3.4	2.4	2.8
White	21.0	23.9	50.9	43.8
Other	.8	.9	1.0	1.1
Total	29.0	32.7	58.5	51.4
Women:				
Black	8.4	9.4	4.2	4.5
Hispanic	1.9	3.7	1.5	1.9
White	59.6	52.6	34.8	41.2
Other	1.1	1.6	1.0	1.1
Total	71.0	67.3	41.5	48.7

[1]Hispanics may be of any race. All other categories exclude Hispanics.
Source: Calculated by ERS from the 1979 and 1999 Current Population Survey microdata earnings files.

ued predominance of less educated workers among the low-wage workforce, the share of workers with at least some college who hold low-wage jobs has increased significantly between 1979 and 1998, especially for college graduates. The increases in low-wage work are also apparent in higher skilled occupations, especially administrative, managerial, professional, and skilled craft occupations. It remains to be seen whether recent declines in rural low-wage employment will continue, or whether longer term trends will re-establish themselves in the wake of inevitable economic downturns.
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